

MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
MONDAY, JANUARY 29, 2007, 2:00 P.M.
Room W020, West Office Building, State Capitol Complex

Members Present: Sen. Greg Bell, Co-Chair
Rep. Kory M. Holdaway, Co-Chair
Sen. Brent Goodfellow
Rep. Mel Brown
Rep. David Clark
Rep. Brad Daw
Rep. Kay McIff
Rep. Scott L. Wyatt
Rep. Chris Johnson
Rep. Carol Spackman Moss
Rep. LaWanna "Lou" Shurtliff

Members Excused: Sen. Curtis Bramble
Sen. Dan Eastman
Rep. Ron Bigelow

Members Absent: Rep. John Dougall

Staff Present: Spencer Pratt, Senior Legislative Fiscal Analyst
Rolayne Day, Secretary

Public Speakers Present: Pres. Rob Brems, UCAT
Eden Mejia, Jobs Now Student
Janalyn McMurdie, BATC Nursing Graduate
Davin Fox, DATC Composit Tech Graduate
Don Ipson, Chair, UCAT Board of Trustees
Lloyd McAffrey, VP Williams International
Pres. Brent Wallis, OWATC
Tom Bingham, Pres. Utah Manufacturers Association
David Squire, Executive Director, Medical Education Council

A list of visitors and a copy of handouts are filed with the committee minutes.

1. Call to Order—Committee Co-Chair Holdaway called the meeting to order at 2:10 p.m.
2. UCAT Enrollment (Issue Brief—UCAT Enrollment Growth, Number UCAT – 01)—Fiscal Analyst Spencer Pratt said UCAT enrollment is divided between secondary and post-secondary students. Membership hours increased in FY 2006 by just over 207,000, 84,000 of which are secondary students and 123,100 post secondary. The Analyst recommends funding the enrollment increases at the average direct cost of instruction at \$6.53 per hour. This figure is partially offset by tuition paid by post-secondary students (\$1.25/membership hour). The total recommendation is \$1,351,700, including \$1,197,800 in state funds and \$153,900 in dedicated credits (tuition).

UCAT has requested that enrollment growth money be appropriated to the UCAT Central Administration line item and then distributed to the individual campuses. This does not require a statutory change.

Rep. Daw questioned the need for the change. UCAT Pres. Rob Brems said that the ATCs are at a growth stage where some processes need to be under the Board of Trustees. Enrollment flux can be better addressed when the entire UCAT system is considered. Rep. Holdaway agreed that flexibility is necessary, but he is concerned that one campus doesn't grow very quickly and receive a large portion of funding at the expense of the other campuses. Pres. Brems said the trustees are aware of those issues and want to make sure campuses thrive across the state.

Mr. Pratt said that UCAT was previously part of the Public Education budget and not subject to the funding cap. Now that it is under higher education, it is not exempt from the cap. However, about 35% of the functions go directly to secondary students. It could easily be argued that 35% of the funding should be exempt.

3. UCAT O & M—The Analyst recommends FY 2007 funding for the Southeast ATC Blanding Building at \$19,300 and \$21,000 for FY 2008. Last year the Legislature approved a new building for the Uintah Basin ATC along with O & M funding at \$393,200. That amount was put into the base budget and then offset with a one-time reduction for FY 2007. The building is in the design stages and won't be operational during FY 08, so the Analyst is recommending another one-time reduction in the amount of \$393,200 for FY 2008.
4. UCAT Leases—Statute requires UCAT to lease space where possible to be flexible. Several of the campuses are requesting either new leases or funding to cover lease increases. The table on page 5 of Issue Brief -- UCAT Leases, Number UCAT – 03 reflects the Analyst's recommendations along with brief descriptions of each on pages 5 and 6. The recommendation is \$1,310,300 for an FY 2007 supplemental and \$932,800 for FY 2008.
5. UCAT Utility Rate Increases—Four UCAT campuses own their buildings and have incurred utility cost increases. The Analyst recommends an FY 2007 supplemental of \$245,500 and an increase for FY 2008 of \$225,400.

Rep. Clark asked why such a large lease increase is requested for the Salt Lake/Tooele ATC. Pres. Brems said that the lease with the Granite School District was very inexpensive at first, well below market cost, and that has been advantageous. However, the District needs a higher lease payment to cover the rising cost of utilities.

Pres. Brems said the Northstar System is working well. Funding last year allowed UCAT to hire a team to install and get the program operational. Three campuses are fully operational now, and full implementation across all campuses is expected by July 30.

6. UCAT Services for Hearing Impaired—Like the USHE, UCAT institutions are required to provide interpreters to assist students in their course work. The Analyst recommends a new line item of \$271,000 within the UCAT Administration budget to serve as a central funding source for these services. Campuses can request reimbursement from that pool for costs incurred for this purpose. The Analyst also recommends that a report be provided at the end of each year showing which campuses utilized the funding and how many students each served.
7. UCAT Training Equipment—The job of UCAT is to train students to be valuable employees and to provide the workforce that employers need. Students need to be trained on up-to-date equipment to be competitive. The Analyst recommends a one-time appropriation of \$2,122,300 to provide needed

equipment. The funding goes into a separate equipment budget and is distributed by the administrative office.

8. UCAT Lean Manufacturing (Ogden/Weber ATC)—Lean Manufacturing is a systematic approach to identifying and eliminating waste to improve efficiency. The process reduces overhead, lead time, inventory, the cost of operations, and the time from manufacturing to market. The Ogden/Weber ATC has received a donation of \$25 million worth of CNC milling machines from Williams International, along with the set up, tooling, inspection equipment, materials, and all utility costs. The recommended funding is to expand the OWATC Lean Manufacturing Program by hiring two additional instructors and to provide support functions to train students. The Analyst recommends \$326,000 to fully utilize the equipment and to prepare the students in Lean Manufacturing.
9. UCAT Reallocations—Last year the Legislature approved \$150,000 to UCAT Administration for leases with the understanding that the funding would be distributed to three campuses that had made requests. That funding is currently in the Base Budget for UCAT Administration, so the Analyst recommends reallocating the funding to the three campuses.

MOTION: Rep. Wyatt moved to reallocate funds for leases from UCAT Central Administration to the OWATC (\$74,000), Southeast ATC (\$7,200) and the Southwest ATC (\$68,800).

The motion passed unanimously with Rep. Johnson absent for the vote.

10. UCAT Compensation—The Analyst recommends that the Subcommittee discuss the way compensation increases are funded at UCAT compared to other USHE institutions. USHE is funded with a combination of state funding and dedicated credits. UCAT compensation has always been funded 100% with state funds. Using the FY 2007 compensation package of \$1,538,000, if 25% were to be covered through tuition, UCAT would need to raise approximately \$385,000. The current tuition rate is \$1.25 per membership hour, and the 25% contribution would require an increase in post-secondary tuition of .12 per membership hour.

Sen. Bell asked how a tuition increase would impact programs. Pres. Brems said it would make it harder for many students to attend. The statute governing UCAT indicates that tuition should be low for post-secondary students. Students typically enter and complete a program in a year or less. When they complete the program, they get jobs and contribute to the economy. Pres. Brems said that a little over two-thirds of the membership hours would be affected if tuition was increased. Sen. Bell said UCAT is requesting money for highly-qualified individuals in nursing, etc. and they must be willing to accept some of the responsibility.

11. UCAT—Pres. Brems introduced members of the UCAT Board of Trustees, administrators, and the nine UCAT campus presidents in attendance.

UCAT has gone through an extensive prioritization process with the Board of Trustees. Increased compensation is a high priority as is the Jobs Now Initiative. Lean Manufacturing at the Ogden Weber ATC is a fantastic opportunity, and there are initiatives at each campus (\$3 million total).

The Jobs Now Program has successfully identified good paying jobs across the state and created short-term training programs to fill them. Approximately 1,200 students were brought in the first year with over 800 completing the training and getting jobs. This year, 1,250 new trainees were in the program, and 850 are working in their field with salaries up to \$26/hour.

Jobs Now—Eden Mejia spoke of his experience with Jobs Now. In August 2006 he returned from an LDS mission to Bolivia and didn't know what to do with his life. He learned about the Salt Lake/Tooele ATC and received a scholarship in diesel mechanics through Kennecott.

Janilyn McMurdie, BATC LPN Program student, also was not sure what she wanted to do educationally. She applied and was accepted to the Nursing Program at Bridgerland, has already been recruited by several medical facilities, and will accept one as soon as she is done with her training.

Davin Fox, DATC graduate, is now a composite technologist for ATK Launch. He spoke of the opportunities he now has because of Jobs Now training. Starting salaries in his field range from \$20,000 to \$30,000 per year depending on abilities and education. Rep. Holdaway was impressed with the short turnaround time and that graduates are able to enter the job market at a liveable wage.

UCAT Board of Trustees Chair Don Ipson said the nine campuses work well together. The professional truck driving school at the SWATC has had great success for both long-haul and local truck drivers. There are many openings with good wages, as much as \$60,000 for local drivers.

Pres. Brems said the Jobs Now request is \$3,050,400. Rep. Wyatt said Jobs Now seems to be one of the very best investments in the entire budget. Pres. Brems said preliminary findings indicate that Jobs Now is returning about 150% of the investment to the economy.

UCAT leases—UCAT requests \$932,800 for lease increases and requirements at seven of the nine campuses.

UCAT O & M—SEATC recently opened the Blanding Building across from San Juan High School. Four campuses have utility increases as part of the \$619,400 total request, and two campuses need IT upgrades (\$102,000). Also included in this request is the cost of interpreters for hearing impaired students. UCAT agrees with the Analyst's recommendation to place the ADA appropriation with Central Administration.

The Custom Fit Program helps existing Utah businesses keep employees current. There has not been an increase in Custom Fit funding in over five years, and they request \$750,000 to expand the program. Of this amount, \$250,000 would go to the Salt Lake/Tooele ATC, with the balance allocated to the other campuses. Custom Fit training is very short because the students are often already employed and just need training upgrades. Pres. Brems noted that there is always a company match for training of at least 50%, and some companies are able to provide a 100% match.

UCAT requests salary retention funds at \$347,400 to allow campuses to compete with business and industry for faculty and staff. Most of the faculty are full-time, but the short-term programs, like Custom Fit and Jobs Now, utilize many adjunct faculty.

Pres. Brems said UCAT needs \$81,000 for one additional FTE to fully implement the Northstar student information system.

UCAT needs authorization for the Mountainlands ATC to purchase two additional vehicles, and for UCAT administration to purchase one additional vehicle. There is no funding necessary, they just need the authorization.

MOTION: Rep. Shurtliff moved to authorized the purchase of vehicles as outlined in the UCAT request.

The motion passed unanimously with Rep. Johnson absent for the vote.

Lean Manufacturing—Ogden/Weber ATC Pres. Brent Wallis said the Lean Manufacturing Center will be one-of-a-kind in the country. Williams Manufacturing has generously donated the machinery, and all major employers in Northern Utah will be able to participate in the program. There are 14 companies that are working to design the curriculum.

Williams Manufacturing Vice President Lloyd McAffrey is also on the OWATC Board of Directors. He said that the Lean Manufacturing proposal is a unique win/win situation for all involved. Lean Manufacturing students will learn in a real-time setting and focus on the many principles and points that Lean Manufacturing puts forth.

Pres. Wallis said the initial equipment investment by Williams International was \$3 million, and the yearly investment is nearly \$2.8. The ATC needs \$1,230,000 in the current year for the facility lease (\$230,000) and to retrofit the building (\$1 million). FY 2008 costs of \$556,000 include the lease cost and \$326,000 for faculty and program support costs. They also need to cover annual lease costs. Rep. Holdaway commended Williams International for opening the training to all manufacturing businesses. Mr. McAffrey said the proposal also meets five points of the Governor's plan for economic revitalization.

Pres. Tom Bingham, Utah Manufacturers Association, expressed support for the request and said Lean Manufacturing is important to Utah because manufacturing operates in a global market.

12. MEC Lease—David Squire, Executive Director, Utah Medical Education Council, said the Council was originally located in state office space and didn't need lease funding. Since moving out of that space several years ago, the lease has been paid with one-time funding. They need \$56,2000 in ongoing funding to cover the lease.

MOTION: Rep. Daw moved to adjourn.

Committee Co-Chair Holdaway adjourned the meeting at 4:04 p.m.

Minutes were reported by Rolayne Day, Secretary.

Sen. Greg Bell, Committee Co-Chair

Rep. Kory M. Holdaway, Committee Co-Chair